

**ORIGINAL**

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

SCHOOL SPECIALTY, INC., *et al.*,Debtors.<sup>1</sup>

Chapter 11

Case No 13-10125 (KJC)

Joint Administration Requested

Re: Docket No. 7

**ORDER (I) AUTHORIZING THE DEBTORS  
(A) TO CONTINUE EXISTING INSURANCE POLICIES, BONDS, AND  
RELATED AGREEMENTS AND (B) TO HONOR CERTAIN PREPETITION  
OBLIGATIONS IN RESPECT THEREOF AND (II) GRANTING RELATED RELIEF**

Upon the Motion<sup>2</sup> of School Specialty, Inc. and its affiliated debtors and debtors-in-possession in the above-captioned cases (each a “Debtor” and, collectively, the “Debtors”), requesting entry of an order, pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “Bankruptcy Code”), authorizing, but not directing, the Debtors to continue their Insurance Programs, including, to the extent necessary, to revise, renew, or extend their customary Insurance Policies and Surety Bonds and to pay all premiums and other amounts arising thereunder or in connection therewith, including any prepetition obligations arising in the ordinary course of business; and it appearing that jurisdiction is proper pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; venue of these chapter 11 cases and the motion in this district being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number and state of incorporation, are: School Specialty, Inc. (Wisc.; 1239), Bird-In-Hand Woodworks, Inc. (N.J.; 8811), Califone International, Inc. (Del.; 3578), Childcraft Education Corp. (N.Y.; 9818), ClassroomDirect.com, LLC (Del.; 2425), Delta Education, LLC (Del.; 8764), Frey Scientific, Inc. (Del.; 3771), Premier Agendas, Inc. (Wash.; 1380), Sax Arts & Crafts, Inc. (Del.; 6436), and Sportime, LLC (Del.; 6939). The address of the Debtors’ corporate headquarters is W6316 Design Drive, Greenville, Wisconsin 54942.

<sup>2</sup> All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.



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appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties-in-interest; and it appearing that such relief is necessary to avoid immediate and irreparable harm meaning that the requirements of Rule 6003 of the Federal Rules of Bankruptcy Procedure have been satisfied; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby ORDERED that:

1. The Motion is GRANTED to the extent provided for herein.
2. The Debtors are authorized and empowered to maintain the Insurance Programs, including the Insurance Policies and Surety Bonds, without interruption on the same basis, and to the extent consistent with the practices and procedures in effect prior to the commencement of the Chapter 11 Cases.
3. The Debtors are authorized and empowered to revise, extend, renew, supplement or change the Insurance Programs, including the Insurance Policies and Surety Bonds, to the extent necessary, consistent with the practices and procedures in effect prior to the Petition Date, subject to the consent of the DIP Agents.
4. The Debtors are authorized, but not required, to pay, in their sole discretion, all premiums, claims, deductibles, retrospective adjustments, administrative fees, and all other Insurance Obligations including those Insurance Obligations that were due and payable or related to the period prior to the commencement of these Chapter 11 Cases; provided, however, that the Debtors shall not pay Insurance Obligations arising prior to the Petition Date in an amount that exceeds \$500,000 further order of the Court; provided, further, that the preceding limitation on payment of Insurance Obligations shall not apply to amounts paid prior to the Petition Date that

have not cleared.

5. All applicable Disbursement Banks are authorized to receive, process, honor, and pay any and all checks or drafts drawn on the Debtors' accounts in connection with the Insurance Programs whether those checks were issued or presented prior to or after the Petition Date, and make other transfers, provided that sufficient funds are available in the applicable accounts, whether deposited prepetition or postpetition, to make the payments.

6. Nothing in this Order or the Motion shall be construed as prejudicing the rights of the Debtors to dispute or contest the amount of, priority or basis for any claims against the Debtors in connection with or relating to any Insurance Policy or Surety Bond.

7. To the extent any Insurance Policy, Surety Bond or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Order nor any payments made in accordance with this Order shall constitute the postpetition assumption of such Insurance Policy, Surety Bond or related agreements under section 365 of the Bankruptcy Code.

8. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

9. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

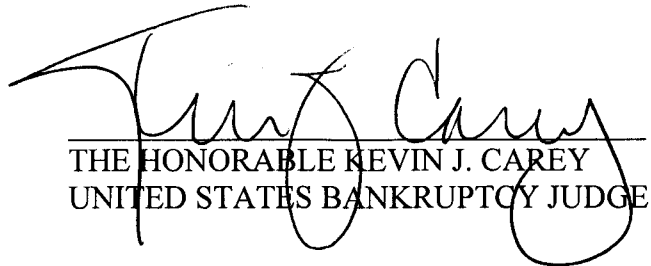
10. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Order is necessary to avoid immediate and irreparable harm.

11. Notwithstanding anything to the contrary contained in this Interim Order or the Motion, any payment, obligation or other relief authorized by this Order shall be subject to and limited by the requirements imposed on the Debtors under the terms of any interim and/or final

orders approving the DIP Financing.

12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: January 30, 2013  
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY  
UNITED STATES BANKRUPTCY JUDGE